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INTERNATIONAL CONTROL OF WORLD RESOURCES A Handbook for High School Debate

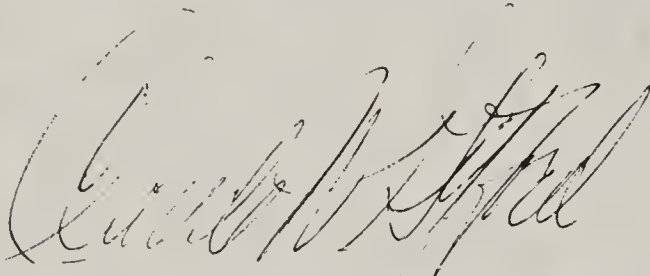
Prepared by the Office of Communication
United States Department of Agriculture

To High School Debaters and Their Coaches:

This publication has been developed in response to requests from across the country for resource material related to the 1975-76 debate topic:

RESOLVED: THE DEVELOPMENT AND ALLOCATION OF SCARCE WORLD RESOURCES SHOULD BE CONTROLLED BY AN INTERNATIONAL ORGANIZATION.

In preparing this leaflet, the Office of Communication concentrated on a specific aspect of the debate topic—world food resources—since this is the area with which the Department of Agriculture is primarily concerned.



CLAUDE W. GIFFORD, *Director*
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Subject

Food should not be categorized as a "scarce" commodity.

Control of world food resources would constitute an invasion of national sovereignties.

U.S. Department of Agriculture opposes control of food production by an international organization, but favors a system of international food reserves.

Until 1972 the United States served as the world's reserve grain depot. Since then, the situation has changed drastically.

International agreements to manage the supply and price of food commodities have been in effect for four decades.

Some related concepts

Secretary Butz on storing grains.

A businessman comments on food reserves.

A widely read newsletter editorializes about hunger.

A reporter looks behind the scene at the World Food Conference.

An FAO official cites production needs.

A U.N. study probes trade allegations.

Food distribution is more critical than production.

A USDA official looks to the future.

A report on governments discouraging farm production.

An economist sees population growth as a threat to the world's food supply.

How small is the world's food supply.

U.S. food policy.

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PLACING "SCARCE" IN PERSPECTIVE

Food is a renewable commodity. Man can grow and harvest crops year after year. The greatest limitation that confronts him is his ability to improve on nature—to increase his crop output.

Minerals dragged from the earth, on the other hand, are not renewable. There is only so much oil, iron, coal and other minerals available. When they are gone, there is no replenishing the supply. Increasing the mining yield only hastens the end of the supply.

It can be argued that as long as there are people in the world without enough food to eat, then food is a scarce commodity. However, this kind of scarcity is often artificial rather than natural—a scarcity born of many solvable problems such as poor delivery systems, inadequate technology, lack of adequate production incentives, unsatisfactory land use, a poor mix of crops and livestock, policies that are disincentives to feeding the population, and even excessive rates of population growth.

Therefore, food crops should not be considered a "scarce" world resource in the same way as non-renewable resources, and policies to deal with the two should be different.

This vital distinction between renewable and non-renewable resources is particularly significant when considering how to use those resources most efficiently.

THE IMPLICATIONS OF "ALLOCATION" AND "CONTROLLED"

Allocation of world food resources by an international organization would inevitably be based on political considerations. The flow of food would be based on political considerations, thereby preempting economic market decisions. The marketplace is a far more efficient and effective allocator of resources than the political arena. Market-oriented decisions are faster, less biased, and represent the will of more people who vote their decisions daily with their money than political decisions. An international organization with the authority to determine which countries are to receive food supplies and agricultural inputs, and in what amounts, would quickly polarize the world into opposing political camps.

International control would lead to even more politics in national decision-making. Even now in many food deficit poor countries the state takes over the ownership of agricultural products that are sold the foreign buyers. All too often, these developing nations

use the food products as a means of gaining international balances of trade to finance state-owned airlines and other conspicuous uses of capital which, in the end, stifle agricultural production by conscious policies to keep consumer food prices low. Export subsidies are used so that international food trade sometimes is competition between state treasuries rather than between farmers using comparative advantage.

International control of allocation of food would intensify this tendency rather than loosen it up so that market forces and freer terms of trade could allocate food between nations.

Experience with international political allocation of food supplies indicates that the allocation is often based on an historical share of the "market." Such an allocation is a handicap to the United States. We have the most efficient agriculture in the world. We have an increasing comparative advantage in food production. Any allocation by historical shares handicaps the competitive economic advantage in agricultural trade that we enjoy through open market allocation.

This market allocation is very important to all Americans. In fiscal 1974 the United States exported \$21.6 billion in agricultural products, which gave us a \$12 billion favorable balance of trade in agricultural products. This \$12 billion offset our large trade deficit in industrial trade. The \$21.6 billion in agricultural exports nearly equalled our imports of petroleum. The large favorable balance in agricultural trade strengthens our dollar in international exchange; it purchases vitally needed minerals; it allows us to import a wide variety of consumer goods that helps maintain our level of living and helps keep consumer prices down; it helps control inflation; and it adds a solid source of national strength in our international negotiations in the pursuit of peace.

(See Bibliography for instructions on how to order "What Our Farm Products Mean to the World.")

Further, any effort to place control of the development and allocation of world food resources into the hands of an international political organization would very quickly impinge on the internal policies of nations. Such control would require that nations relinquish an important part of their sovereignty—their decision-making process over resource development—to an entity beyond their borders. It would be extremely difficult to control with any degree of effectiveness the internal developmental policies of nations through

an international body.

Food production is a widely diversified industry, mainly in the hands of a large number of farmers in most free nations of the world. National policy in those countries, as in the United States, usually encourages widespread farm land ownership and individual entrepreneurship among farmers as a matter of national policy.

In this setting, the development of food resources is closely linked to the ability of farmers, their economic incentives to produce, and a level of compensation for farmers that enables them to put capital into food production to mechanize and use modern methods, so as to increase productivity per person and per acre.

The key to greater food production, then, is in economic incentives for farmers. Secretary of Agriculture Earl L. Butz noted this in his speech at Expo '74 in Spokane, Washington on October 5, 1974:

Governments do not produce food—only Farmers do. World Food Conferences do not produce food—only farmers do. Secretaries of Agriculture do not produce food—only farmers do.

The alternative to market incentives to develop agriculture is government ownership and regulation. Farmers characteristically do not respond well to government ownership and regulation of the means of agricultural production. Secretary of Agriculture Butz, speaking before the Allied Chemical Liquid Fertilizer Division in Florida, August 26, 1975 said:

Collective control of agriculture doesn't work. Centralized State management of agriculture doesn't work. Only a free economic system of price incentives to farmers will coax more food production from this Earth of ours—no matter how much we wish to have a bigger pie to share, or how many more people there will be to feed.

There is no greater folly than to try increasing agricultural production by mandate from the political arena. This is one of the main reasons why the Soviet Union, with more than twice the land mass of the United States and only about 42 million more people, can't feed itself. Twice in the last three years the Russians have turned to the greatest market-incentive agriculture man has ever known—the United States of America—to get sizable quantities of bread for their people.

(See Bibliography for instructions on how to receive a copy of the complete address, "Time to Wake Up." In addition, the Bibliography lists material available relative to the sale of American agricultural products to the Soviet Union: "1975 Grain Sales to USSR," "Bread Facts," "Food Prices," "Refresher on the 1972 Grain Sale to the Soviet Union," and "What We Will Export This Year" by Assistant Secretary Richard Bell.)

THE USDA POSITION ON INTERNATIONAL CONTROL OF FOOD

The concept of world food production controlled by an international organization has not been seriously advanced—at least publicly—by any nation. The Food and Agricultural Organization (FAO) of the United Nations, to which most countries belong, has not advocated international control of agricultural development.

Recognizing the need to find a partial solution to the problem of fluctuating world food supplies which have, in the past, brought millions of people to the brink of starvation, President Ford informed the United Nations General Assembly on September 18, 1974 that the United States favored a system of international food reserves:

To insure that the survival of millions of our fellow men does not depend on the vagaries of weather, the United States is prepared to join in a world-wide effort to negotiate, establish, and maintain an international system of food reserves. This system will work best if each nation is made responsible for managing the reserves that it will have available.

The key to President Ford's proposal was his reference to a system of food reserves working best if each participating nation is responsible for managing its own reserves. In such a system there is no room for control by an international organization.

Two months later, on November 6, 1974, Secretary of Agriculture Earl Butz went before world leaders of 120 nations meeting in Rome to explore how to handle a world food reserve system. That much-publicized meeting was an outgrowth of what was then believed to be an unprecedented food crisis. Secretary Butz said at the time:

The best assurance of food security is increased production. We cannot conjure a reserve out of something we don't have. To lock away a part of current short food supplies in order that the future might be more secure would call for less consumption this year, higher food prices, and more inflation. These are consequences that few nations would wish to entertain at the present time.

After restating the basic U.S. position on food reserves set forth by President Ford at the United Nations General Assembly meeting, Secretary Butz asserted:

Thus we favor an internationally coordinated but nationally held system of reserves. We will cooperate in reasonable international efforts to sustain food reserves to meet emergencies. We do not favor food reserves of a magnitude that would perpetually depress prices, destroy farmer incentives, mask the deficiencies in national production efforts, or substitute government subsidies for commercial trade.

If a reserve system is to succeed, it requires a free exchange of adequate production, stocks, and trade information. In fact, such an exchange is essential to the whole objective of improved food security in the world. If grain producing nations are to succeed in meeting world needs for both trade and aid, they must have adequate information on those needs. Importing nations must share information on food stock and needs. Exporting nations must share information on production and supplies.

Following the World Food Conference in Rome, nations began meeting in an effort to implement the recommendations that came out of the Conference. But no substantial progress has been made toward the development of a system of food reserves.

Allocation of world food supplies, whether through nationally held food reserves or under an international organization, cannot be developed in a vacuum apart from many other factors that affect world production. On June 23, 1975, in Rio de Janeiro, Secretary Butz informed a luncheon meeting of the American Chamber of Commerce:

You can talk about reserve systems and food aid commitments as long as you want to, and this will avail nothing unless the world's farmers find the means and incentives to produce more. In addition to research, technology, education and credit programs, this will require government policies that encourage farmers to produce. Unfortunately, many government policies still act as disincentives to production—in some cases limiting artificially the farmers' opportunity to profit and thus his desire to produce.

BACKGROUND

For several years prior to 1972, the United States was the world's primary grain storage center—the residual supplier to other nations. Which is another way of saying that when importing nations needed more grains than their own farmers or other suppliers could provide, they could turn to the government-owned stocks of the United States. In addition, since 1954—when the Food for Peace program (Public Law 480) went into effect—the United States has provided \$25 billion in world food aid—about 80 percent of all the food aid extended to countries in need. That's four times more food aid than provided by all the other countries of the world combined.

In short, until 1972 other countries relied on the United States as a kind of reserve grain depot, maintained at the expense of American taxpayers.

Then a combination of growing demand, poor world harvests, and extensive Russian purchases sharply reduced the level of reserve grain stocks in the United States and throughout the world. Poor harvests in 1974, especially in the United States, again depleted world reserves. In 3 years, working grain stocks dropped from 150 million metric tons to less than 100 million metric tons, which is considered to be an adequate working stock level, but does not provide for meeting emergencies (working stocks are the amount of grain needed to meet consumption requirements before the next crop of grains is harvested).

It was this instability in agricultural supplies that prompted the United States to endorse the development of an international system of nationally held grain reserves, the system proposed by President Ford before the United Nations General Assembly.

Essentially, what is under consideration is that nations would purchase grain during times of surplus world production and low prices, storing it in their countries throughout the world and releasing it when poor harvests threaten supply shortages and sharp price rises.

The Department of Agriculture favors a world-wide reserve system of grains (including food grains) that would be released into regular commercial channels in times of shortages without being earmarked for special use by particular countries. This would be in addition to, and separate from, maintaining a sound level of working stocks.

As part of this fairly loose system, the participating countries would be prompted to take action through a set of triggers based on the quantity of grain in the reserve. When world production falls to a certain point—the trigger point—countries would be required to meet to determine what steps should be taken to release stocks. Conversely, when world production rises to a specific trigger point, countries would meet and determine the steps to be taken to accumulate grain stocks into the reserve.

The system, ideally, would work to cut the extremes from price fluctuations brought about by fears of scarcity or excess.

INTERNATIONAL FOOD MANAGEMENT NOT A NEW IDEA

For more than 40 years, the United States has been a participant in international agreements to manage the supply and price of wheat. Most of those agreements have failed to do what the countries that negotiated them had expected.

In the light of present efforts to establish a grains reserve, it is well to review the history of wheat agreements. Following is part of a report that appeared in *NATIONAL JOURNAL REPORTS*, June 28, 1975. The full report can be found in the Appendix, item A, "History of Wheat Agreements."

The first international wheat agreement was signed in 1933. Altogether, eight different agreements have been developed, the last one in 1971. At one time or another these agreements have been designed to regulate exports, restrict acreage, stabilize prices, eliminate surpluses, and relax tariffs. The agreements have rarely been effective because countries can cut prices below

minimums by such devices as: paying part of shipping costs; low interest easy loans; and delivering higher grade grain and larger quantities than paid for.

SOME RELATED CONCEPTS

Secretary Butz On Storing Grains

During the "Face the Nation" program, August 3, 1975, CBS newsmen George Herman asked Secretary Butz if there shouldn't be a storage system paid for by somebody to iron out huge grain purchases. Secretary Butz responded:

I don't really believe it's the function of the United States Government to accumulate these reserves. When I became Secretary three and a half years ago, the government was spending four billion dollars a year to idle about 61 million acres. We've stopped that.

We were spending a million dollars a day just to store the stuff we had; we've stopped that. Now, some people say, 'Well, Butz, if you just had a food policy, we'd be better off.' I venture we've got the most positive food policy now we've had in 40 years. It's a policy of plenty, and who stores it? I was in Kansas City the other day, right in the heart of the wheat belt, and some news reporter complained Kansas farmers aren't selling their wheat.

I said they're not going to burn it, they're not going to put it in an abandoned salt mine. It just takes another 15 or 20 cents to pull it out, and that's a great storage system. Our farmers have got it, the country elevators have got it, the trade has got it, and it's there, and it's going to come out when we need it.

In response to a question from Mr. Herman concerning whether or not there should be a United Nations storage for other countries, Secretary Butz stated:

I think there should be guidelines, as were developed in the World Food Conference last November. I think we need an international agency to give guidelines to the various nations as to what their proper share of a reserve should be. For example, traditionally

the United States and Canada have carried the world's food reserves. We call them surpluses. I think other nations should pick up a share of their own reserve obligations.

A Businessman Comments On Food Reserves

William G. Karnes, chief executive officer of the Beatrice Foods Co., wrote in the April 30, 1975, *Journal of Commerce*:

Relief in the form of food surpluses from the more affluent and more productive nations, in our opinion, is not the ultimate answer (to the world food problem). The answer is to increase productivity and attain more efficient distribution systems (in the developing countries).

Widely Read Newsletter Editorializes About Hunger

The *Washington Farmletter*, February 14, 1975, noted in a front page commentary that hunger had faded from the journalistic limelight, and that emphasis has shifted from shortages to surpluses. Said the Newsletter, "We've learned that consumers don't have to give up a hamburger a day to get livestock and poultry producers to cut back on the use of corn." (The complete editorial can be found in the Appendix, item B, "What's Happened to Hunger.")

A Reporter Looks Behind the Scene at the World Conference

Dan Morgan was assigned by the Washington Post to go to Rome and file stories on the World Food Conference. On November 11, 1974, the Washington Post carried a Morgan story with the headline, "The Social Causes of Hunger—Need for Agrarian Reform Little Discussed at Food Conference."

Quoting an unnamed United Nations official, Morgan wrote that some delegates to the conference felt that an underlying, but little discussed aspect of the then existing food problem was a failure to recognize that at least some of the blame for the food shortage was due to the social structures and economic policies of the developing countries themselves.

Wrote Morgan:

This is not a popular viewpoint among representatives of many Third World nations. India's minister for agriculture, Jagjivan Ram, stated flatly before the conference that the difficulties of the developing countries were attributable to colonialism and were 'not of their own making.' He also said it was 'unfounded and unjust' to say that those nations haven't given adequate priority to agriculture.

Yet an official of the U.N. Food and Agriculture Organization asserted that severe malnutrition and starvation existed in India even when the country had a grain stockpile of several million tons.

U.N. experts say food imports in developing countries tend to be consumed by groups in society whose calorie and protein intake is already above the minimum requirements, because they have the money to pay for the food.

A report issued at the start of the conference by Transnational Institute of Amsterdam and affiliate of the Institute for Policy Studies in Washington, contends that the food problem is more social than technical.

The report, called 'World Hunger: Causes and Remedies,' charges that the strategies being proposed 'are nothing more than a repetition in essence of the strategies which in the past have proved insufficient.'

FAO Official Cites Production Needs

Writing in the January 1975 *Monthly Bulletin of Agricultural Economics and Statistics*, E.M. Ojala, assistant director general of the FAO, asserted that top priority must be given to speeding up the growth of food production in the developing country. Mr. Ojala feels that charity is not the answer to the food problems in the developing countries. (Mr. Ojala's remarks are in the Appendix, item C, "FAO Official Cites Production Needs.")

U.N. Study Probes Trade Allegations

Is there truth in the longstanding allegations that the rich, industrial nations have been taking advantage of the developing countries? A recent United Nations study raises some serious questions about the truth of the charges. (A news-

paper account of the U.N. study is in the Appendix, item D, "U.N. Study Finds Poor Nations Not Hit by Price Rises.")

Food Distribution More Critical Than Production

Although there is ample food available in Latin America, many people can't afford to buy it. Argentina exports about half the 6 million tons of wheat it produces. Both Brazil and Chile, on the other hand, must import wheat. The two countries suffer from internal distribution and pricing problems which cause the death of undernourished children in Brazil and keep 21 percent of the Chilean population in "extreme poverty." (These and other findings are part of the story developed by investigative reporter Stewart Russell and reprinted in the Appendix, item E, "Distribution of Ample Food is Latin America's Problem.")

USDA Official Looks to the Future

Dr. Quentin West, administrator of USDA's Economic Research Service, told a food engineering workshop in Texas on May 19-21, 1975, that the world's food problems can be resolved in the next 25 years. Said Dr. West:

If we examine past trends and factors that will shape developments in the next decade, we must conclude that for the longer term, enough food can be produced to meet effective demand—if appropriate actions are taken. The problems to be solved are difficult ones, for policy makers must aim at changing the pattern of surplus food production in developed countries on the one hand, and deficit production in developing countries on the other. And this will require a degree of one-worldness in planning and action never before experienced.

(See Bibliography for instructions on how to receive a copy of Dr. West's complete presentation, "Food In The Year 2000: Enough For All?".)

Report Reveals Governments Discourage Farm Production

In an effort to determine whether or not food-short nations have been aggravating their problem by government policies and programs that restrict agricultural production, the U.S. Department of

Agriculture surveyed practices in more than 50 developed and developing countries. A report on the survey, written by Abdullah A. Saleh of USDA's Foreign Agricultural Service, disclosed that 46 of the countries surveyed have policies that directly or indirectly discourage domestic food production. (Instructions on how to receive a copy of Mr. Saleh's complete report, *DISINCENTIVES TO AGRICULTURAL PRODUCTION IN DEVELOPING COUNTRIES: A POLICY SURVEY*, can be found in the Bibliography.)

Economist Sees Population Growth As Threat to Food Supply

Dr. Don Paarlberg, Director of Agricultural Economics for the Department of Agriculture, believes that unless the world's rate of population growth is slowed, there is no solution to the world food problem. Speaking before the World Future Society Second General Assembly in Washington, June 3, 1975, Dr. Paarlberg declared:

In the long run, looking into the twenty-first century, unless the rate of population growth is checked, there is no solution to the world food problem. Projected at recent rates, the population chart runs off the page; the numbers become not only unmanageable, but inconceivable. Indeed, unless there is a reduction in the rate of population growth, we will run into many other problems: Overcrowding and the frictions that result therefrom, civil uprisings, depletion of natural resources, and degradation of the environment. It may indeed be that these other hazards will become the critical ones, disciplining our numbers, while food supplies are still adequate.

(See Bibliography for instructions on how to receive a copy of Dr. Paarlberg's complete speech, "The World Food Situation: A Consensus View.")

How Small Is The World's Food Supply?

Does the world have only a 30-day supply of food, as sometimes charged?

The world has enough food supply to last from one harvest to another, plus a little extra, according to a booklet *IS THE WORLD FACING STARVATION?* produced by the U.S. Department of Agriculture. The publication states:

We have a harvest every six months, anyway—one in the Northern Hemisphere and one in the Southern Hemisphere. The bigger by far is in the Northern Hemisphere.

In addition, we have extra food in the form of the livestock population. That's a big reserve in the United States and other developed countries. If we had to, we could eat into the basic livestock herd in an emergency. Russia has done it several times to meet grain shortages.

In most parts of the world, the food supply, even limited as it is in some places, is enough to last from one year to the next with a little extra.

The booklet explores more than 20 myths about world food shortages and what to do about them. . . . such myths as the world is running out of land on which to produce food, the less developed countries are falling behind the developed countries in total food production, and that food aid is the best long range solution to the world food problem. (See Bibliography for instructions on how to receive a copy of *IS THE WORLD FACING STARVATION?*)

U.S. Food Policy

Secretary Butz told a luncheon meeting of the American Chamber of Commerce in Caracas, Venezuela on June 18, 1975:

Our food policy can be summed up as: Abundance, full production, freedom from government restraints, encouragement by the government of full production of farm goods.

The Secretary went on to say:

Our policy is to maintain dependable access to U.S. supplies for our foreign customers. With the exception of the painful though temporary soybean and protein feeds embargo in 1973, we have kept the door open in the face of sometimes formidable domestic pressures over the past two years.

Of all the food produced in the world, only 10 percent is consumed outside the countries where it is grown. This suggests that the greatest challenge is to increase indigenous production in the countries that need it.

This has long been the goal of U.S. Department of Agriculture specialists working to promote farm productivity in the developing nations of Asia, Africa, and Latin America. Sixteen USDA program agencies, representing a wide range of agricultural skills, are directly involved in technical assistance and training programs overseas.

In 1974, more than 350 USDA experts performed their specialties in the developing nations.

For 22 years, USDA has provided training for foreign agriculturalists—more than a thousand each year. U.S. Land Grant Universities have provided more than 1,000 man-years of technical assistance for each of the past 14 years. In addition, the United States has provided one-fourth of the funding of 10 international food research centers around the world—the centers that created the Green Revolution.

APPENDIX

A. History of Wheat Agreements: *National Journal Reports*, June 28, 1975

Early agreements: The first wheat agreement, signed in 1933, was the result of a desire on the part of exporting countries to assure markets for their wheat. Surplus production had kept world wheat prices low in the 1920s, but until 1933, the United States was unwilling to interfere in the markets to effect price changes.

The 1933 agreement on export quotas called for acreage restrictions to reduce production if prices fell too low. Importers agreed to relax tariffs, all to help stabilize prices.

That agreement broke down within a year when major exporters found they could not stay within their established export controls. A sharp decline in prices followed.

Despite several attempts, it was not until 1949 that another agreement was signed. It carried the objectives of eliminating surpluses, raising prices for the exporters and assuring supplies at reasonable prices for importers. The agreement called for prices to move within an established range and fixed the quantities available for trade between specific exporters and importers.

Prices remained consistent within the prescribed range during the life of the 1949 agreement and subsequent agreements negotiated in 1953 and 1956. But that was more the result of favorable world conditions than the success of the agreement.

Shift: The 1956 agreement drew some criticism from importers and in 1959 a new pact was drawn up. This time the emphasis shifted from assuring markets for exporters to concern for production levels adequate to meet the demands of importers.

A similar agreement was reached in 1962 and for the first time, the Soviet Union was included as a member.

But during the rest of the 1960s, the agreements broke down. The price ranges that had been set in those agreements were more a reflection of the policies of the

United States and Canada, the two biggest exporters, than actual world conditions. The two countries controlled international markets through coordinated price policies, but in 1965, the United States ended that relationship and cut its prices on world markets.

Drought in India and large purchases by the Soviet Union in the middle 1960s also contributed to a breakdown in the agreement.

But the agreements were in trouble because they could not prevent major exporters from managing prices and because of technical difficulties in setting price ranges for different varieties of wheat.

Later years: The 1967 agreement tried to solve these problems by establishing various price reference points. The agreement also created the Food Aid Convention to distribute grains to the developing world.

When wheat prices declined in 1968-69 exporters could not decide whether to return to the flexible system of the 1962 agreement or make the already complex 1967 pact more complicated. The result, in 1971, was an agreement with no substantive economic provisions.

Since then, the agreement has been extended with no renegotiation of those provisions.

B. What's Happened to Hunger? *Washington Farmletter*, February 4, 1975

What's happened to hunger? Why doesn't it make the front pages of the papers or the first pictures of the newscasts anymore? Where have the malnourished children and elderly of Asia and Africa gone?

What has stilled the voices of those who said the U.S. would have to choose who would live with food aid, who would die without it? And what happened to the campaign to eat less here, share more there?

Hunger, unfortunately, has not gone out of style. Only out of the news. Emphasis has shifted from shortages to surpluses. Before a new crop has been harvested our

government is expanding world food aid, and old-crop carryover estimates are being increased.

Jump of surpluses to equal billing with shortages is apparent in testimony offered Congressional committees on remodeling the Farm Act. Big reserves are no longer mentioned in the same breath with the flag and motherhood. There's outright opposition to proposals that would get the government back in the grain business in a big way. Methods to keep it from competing with farmers are being proposed.

Why the shift? It isn't due to a lack of compassion. It probably reflects conciliation of short and long term outlooks. It could be the 1974 hunger experience was overly-dramatized by TV and the Press—and needs were over-estimated by many commentators and editorial writers.

Over-reaction in determining U.S. role in responding to the world food needs was probably unavoidable when harvests were coming up short, examples of hunger were widely publicized, and the UN was on the eve of a World Food Conference. But now we're getting ready to plant again—on an expanded acreage. The UN is still digesting conference inputs. We've learned that consumers don't have to give up a hamburger a day to get livestock and poultry producers to cut back on the use of corn.

Nothing, it has been said, changes as often as the weather or the mind of woman. But from shortage to surplus in 6 months without a seed other than wheat planted? Add food and farming to weather and woman.

C. FAO Official Cites Production Needs:
Monthly Bulletin of Agricultural Economics and Statistics, January 1975

It is comforting that world agriculture appears to have the potential capacity to produce sufficient food to meet the projected demands of humanity, at least up to 1985. But the developed countries will not continue to produce export surpluses up to their capacity if there is no one to buy. As regards cereals only, the projections imply a cereals deficit in the developing importing countries by 1985 of around 100 million tons a year, three times the developing countries' gross imports in

1969-71. This quantity could cost 15-20 thousand million dollars, about equal to the total current flow of official and private funds to developing countries. It is impossible to foresee the developing countries themselves being able to pay for such imports, and there is no indication at present that either the exporting countries or the world community as a whole would foot the bill.

There is a more fundamental point: Charity, however worthy and indeed indispensable in times of famine threats, is not a solution compatible with world development and with agriculture's contribution to it. North American and European agriculture can produce food for the developing countries, but not incomes for their farmers.

If world agriculture is to rise to the challenge of its potential importance to humanity, top priority must be given to speeding up the growth of food output and agricultural productivity in the developing countries. The task is clearly defined. It is to raise the rate of increase in food production in the developing regions of the world from the present 2.6% a year to 3.6% a year. Every year of shortfall below the target is a year of hunger for millions.

The prime responsibility for modernizing the rural world in the developing countries rests with the governments of those countries.

D. "U.N. Study Finds Poor Nations Not Hit By Price Rises," by Jane Rosen, *Manchester Guardian*:
Washington Post, June 4, 1975

For many years developing nations have been accusing the industrial nations of cheating them by selling industrial products at high prices and buying their raw materials cheaply.

According to the developing nations, the presumed disparity between industrial and raw materials prices has grown over the years and this disparity is a major cause

(Note: 15-20 thousand million dollars is \$15-20 billion.)

of the present economic crisis in the developing world.

Now, however, a U.N. committee of experts has challenged the contention that long-term price movements have gone against the poor nations. The experts, including economists from developing nations, have said they found no evidence of long-term deterioration in the poor countries' terms of trade—the prices of the goods they sell relative to the goods they buy. Over the past 25 years, experts concluded, raw material prices in general have moved up about as much as the prices of industrial products.

After a recent four-day meeting in Geneva, the group sent a summary of its views to the secretary general of the U.N. Conference on Trade and Development (UNCTAD), Gamani Corea.

Reports that the experts had seen no long-term price trend against developing countries set off indignant denials from representatives of developing nations and from UNCTAD and World Bank officials here. From Geneva, Corea issued a statement calling the story 'misleading' and saying that opinions within the group of experts had 'differed widely.'

But the chairman of the group, Dr. Hendrik Houthakker of Harvard University, has confirmed that there had been no difference of opinion on long-term price movements. 'All members of the group who were present agreed they had seen no evidence of declining trends in the terms of trade in developing nations,' Houthakker said.

The group—composed of representatives from Britain, France, New Zealand, Poland, Algeria, Jamaica, Nigeria and Argentina—was convened by UNCTAD to help in preparing a report on indexing—linking the prices of the developing nations' commodity exports to the prices of their imports.

The group agreed that the prices of a few commodities, notably tea and jute, have declined relative to imports. It also noted that there have been 'substantial short term fluctuations' in raw material prices which have caused severe hardship, especially in countries dependent on one or two commodities.

If the group's main conclusion is true, however, it raises the question of whether terms of trade are indeed the major cause of poverty in the developing world.

What made their report all the more surprising was that the commodity whose price has quintupled during the past few years—petroleum—was not included in the calculations.

The group said the statistics it used were furnished by UNCTAD and covered a large number of raw material and industrial prices year by year.

UNCTAD officials seeking to rebut the group's conclusion have pointed to an UNCTAD report showing a deterioration in poor nations' terms of trade between the years 1950 and 1970. But Houthakker said that this report compared a peak year for commodities with a lean year. 'If you compare peak with peak and trough with trough as we did at Geneva,' he said, 'you will not find a trend one way or the other.'

If the group's conclusion wins acceptance at the United Nations, it could have political effects. The poor nations' assumption that they have been victimized by their terms of trade has been at the heart of many of the confrontations between developing and developed nations and has been a constant theme in their public statements.

E. "Distribution of Ample Food Is Latin America's Problem," by Stewart Russell, Reuters news service: Washington Post, November 15, 1974

There is plenty of food in Latin America but far too many people who cannot afford to buy it.

While Argentines consume an average of more than 220 pounds of beef per year, and have plenty left over to export, seven out of ten children in the Brazilian northeast die before they are five years old, mainly because of malnutrition.

No Latin American country faces mass starvation on the scale which periodically afflicts areas of Africa and Asia. But natural disasters can endanger small countries when food-growing areas are

affected, as happened recently in Honduras with Hurricane Fifi.

Daily calorie intake varies from more than 3,000 in Argentina and Uruguay to less than 2,000 in Bolivia, Ecuador and Haiti, according to the regional branch of the U.N. Food and Agricultural Organization (FAO) in Santiago, Chile.

Regional cooperation schemes under which food-rich South American countries would supply their poorer neighbors, cutting out international middlemen, figure prominently in the plans of various individuals and organizations striving for Latin American unity.

Mexican President Luis Echeverria has gone further, proposing the creation of a world food bank, and his representatives brought the idea to the current U.N. Food Conference in Rome.

A mere 1.5 million tons of wheat per year, readily available in Argentina, would boost the calorie intake in Bolivia, Ecuador and Haiti to an acceptable 2,500, the FAO says.

Those countries, however, cannot afford to buy the wheat at current market prices. Until an effective regional agreement is worked out, Argentina will continue to sell its surplus to the highest bidder, subsidizing its increasingly sophisticated technological needs.

It is this problem of distribution of available food which most concerned Latin American experts as they prepared for the Rome conference. Whatever the results of the meeting, these nations will continue their efforts to help each other, observers say.

FAO statistics clearly indicated that Latin America has the potential to feed all its own people and greatly increase its contribution to the rest of the world as well. The necessary development will be costly and lengthy, and is jeopardized by the present world shortage of fertilizers.

In a recent report from its regional headquarters in Santiago, the FAO recommended both an expansion of the land area under cultivation and more sophisticated growing methods.

It said that no fewer than 3.8 billion acres

of Latin America's total surface area of 5.2 billion acres could become productive.

In the southern cone of South America—Argentina, Uruguay and Chile—the cultivatable area is 1.3 billion acres and only "a minimal part" of this is productive at present.

Few experts doubt that the livestock population of Argentina, where there are already more than two head of cattle for every human, could easily be doubled or tripled.

However, Argentina is already finding it difficult to export its surplus beef and it is unlikely to be persuaded to raise more, in present economic conditions.

Argentine food production and export statistics are staggering, but Argentines ask, how can the surpluses be directed to the areas where they are most needed while bringing the country adequate financial compensation?

In the past year, Argentina produced 6 million tons of wheat and exported about half. It also produced 10 million tons of corn, between 3 and 4 million tons of beef, 1.5 million tons of citrus fruits, 1.5 million tons of sugar, and, solely for domestic consumption, 260 billion dozen eggs and five billion quarts of milk. It imported only tropical fruits and coffee.

Both Brazil and Chile import wheat, and suffer from internal distribution and pricing problems which cause the death of under-nourished children in Brazil and the officially acknowledged "extreme poverty" of 21 percent of the population of Chile—a country which FAO experts agree could support itself in most foodstuffs, and export others.

Other potentially self-sufficient nations are Colombia, Peru, Paraguay and Mexico, where the so-called green revolution began 20 years ago.

After a bad harvest last year, Mexico is still forced to import basic grains. Government policy is concentrated on expanding production as rapidly as possible by bringing more land into cultivation, double-cropping and introducing high-yield grain varieties.

BIBLIOGRAPHY OF AVAILABLE MATERIALS

The following publications are available, free, to high school debaters and their coaches:
Requests should be mailed to:

Office of Communication
Room 459-A
U.S. Department of Agriculture
Washington, D.C. 20250

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